

Attorney Docket No. 47004.000049
Application Serial No. 09/630,595

II. REMARKS

A. Drawings

Fig. 2 has been amended and substitute drawing Figs. 2 and new Fig. 5 are submitted. Applicants note that Fig. 2, as revised, includes a reference to the account type in the account table, which relates to whether the account is a cash account, debit account, credit card account, special purpose vending account telephone card account or other account, as set forth in the specification. See Application at p. 8, lines 19-22. Further, Fig. 2 has been revised to depict the authorization unit 118 of the transponder server, as set forth in claim 26. The specification has been amended to include this reference as well.

Applicants respectfully submit that the application, and Fig. 2, was previously amended and approved by the Examiner to include a reference to the personal article 130 in which the transponder is embedded. See Request for Continued Examination and Amendment and Response, November 20, 2002 at pp. 2, 6, 24.

A new Fig. 5 is also submitted for the Examiner's approval which depicts a flow scheme for the alternative embodiment of the invention as requested by the Examiner.

Applicants respectfully request that the Examiner approve the drawings as amended.

B. Claim Rejections Under 35 U.S.C. § 101

Applicants respectfully traverse the rejection of claims 28-30 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. The Examiner has explained that the limitations, "first party" and "second party," "may specifically limit the claim to particular people." See Office Action at p. 3. The Examiner cited MPEP § 2105 and 1077 OG 24 (April 21, 1987) for support that "[a] claim directed to or including within its scope human beings is not patentable

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subject matter.” See Office Action at pp. 3-4. Applicants respectfully traverse the Examiner’s rejection on the grounds that the MPEP, as noted in fn. 1 on p. 3 of the Office Action, refers to claimed inventions that “encompass[] a human being.” Section 2105 of the MPEP is titled **Patentable Subject Matter - Living Subject Matter**, and discusses the patentability of nonnaturally occurring, nonhuman multicellular living organisms, including animals. See MPEP § 2105; 1077 OG 24 (April 21, 1987). In contrast, claims 28-30, as amended, are *not* directed to the patenting of a human being. Rather, the claims have been amended to more distinctly point out Applicants’ claimed invention by defining the process while not changing the scope of the invention. These claims define a further limitation of claim 26, from which they depend, by setting forth that the method further comprises paying the authorized payment amount to a merchant account associated with a merchant and the issuing bank or financial institution (claim 26); that the merchant account is associated with at least one of a merchant, retailer, or grocer (claim 27); and that the method further comprises issuing the transponder to the holder of the financial account (claim 28).

These claims are entirely permissible. Applicants have made no claim to living subject matter but rather have permissibly further limited the claimed subject matter of preceding claims, as permitted by 35 U.S.C. § 112, fourth paragraph. Applicants respectfully request that the Examiner withdraw the rejection of claims 28-30, as amended.

C. Claim Rejections Under 35 U.S.C. § 112

Claims 26-40 have been rejected under 35 U.S.C. § 112, second paragraph as allegedly being indefinite for failing to particularly point out and distinctly claim the subject matter which

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Applicant regards as the invention. See Office Action at p. 4. Specifically, the Examiner has rejected claim 26 on the grounds that the phrase "and a transaction for payment at a point of sale device" is unclear for having at least two ways of interpreting the phrase. See Office Action at p. 4. Applicants have amended claim 26, and respectfully request that the Examiner withdraw this rejection in light of the amended claim language.

Claim 27 has been rejected because the Examiner states that, "it is unclear if 'an account table' is the same or different from the 'account table' recited in claim 26." See Office Action at p. 4. Applicants respectfully submit that claim 27 has been canceled, and request that the Examiner withdraw this rejection as moot.

Claims 28-30 have also been rejected as allegedly being indefinite for failing to particularly point out and distinctly claim the subject matter which Applicant regards as the invention. See Office Action at p. 5. This rejection refers to the rejection under 35 U.S.C. § 101. Applicants submit that this rejection was addressed in Section B above, and that claims 28-30, as originally written and as amended, define statutory subject matter. Applicants therefore respectfully request that this rejection be withdrawn.

The Examiner has also rejected claim 40 on the grounds that the phrase, "permitting a transponder holder to register the financial account information to be linked," does not make grammatical sense. See Office Action at p. 5. Applicants respectfully submit that claim 40 has been amended, and request that this rejection be withdrawn.

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D. Claim Rejections Under 35 U.S.C. § 103

Claims 21-39 have been rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Swartz et. al., USPN 5,923,735 ("Swartz") in view of Zimmerman et. al., USPN 6,092,057 ("Zimmerman"). Claims 21-40 have been alternatively rejected under 35 U.S.C. § 103(a) as allegedly being unpatentable over Swartz in view of Ditzig et. al., USPN 5,617,474 ("Ditzig"). Applicants respectfully note that claims 26-40 are pending in the application, and request that the Examiner clarify the scope of this rejection based on the pending claims. Applicants further submit that these references in combination do not teach each and every limitation of independent claim 26 and therefore cannot render any of claims 27-40 obvious.

1. Claims 26-39 Over Swartz in View of Zimmerman

The Examiner explains that Swartz discloses receiving transponder identification information upon presentation of the transponder via a wireless, RF interface; the transaction information is received upon checkout; the point of sale device is located at a point of sale location and is associated with a second party; determining authorization and communicating the authorization to the point of sale device; at least some financial account information is linked to at least some transponder identification information in one or more account tables of the customer or first party; and a network registration interface. See Office Action at p. 6. Further, Zimmerman discloses that customers can pay for their purchases with credit cards. See Office

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Action at p. 6. According to the Examiner, it would have been obvious to modify Swartz as taught by Zimmerman to include a standard credit card authorization system in Swartz's terminal, or alternatively the inventive Zimmerman system in Swartz's terminal. See Office Action at p. 6. The Examiner also states that it would have been obvious to modify the Swartz/Zimmerman combination to include embedding a transponder in a pager, watch, etc. as set forth in claim 38. See Office Action at p. 7.

Applicants respectfully submit that Swartz in combination with Zimmerman does not teach each and every limitation of the independent claim 26, and therefore cannot support a *prima facie* case of obviousness. Claim 26 recites a method of authorizing transponder-enabled transactions comprising receiving by a transponder server of at least one of an issuing bank, a financial institution or a credit network at least some transponder identification information emitted from a transponder substantially upon presentation of both the transponder and a transaction for payment at a point of sale device, the payment comprising a payment amount; retrieving at least some financial account information linked to the transponder identification information in an account table, the financial account information comprising at least one of account number information, account type information, account balance information, and account limit information; determining authorization by an authorization unit for charging at least some of the payment amount to the financial account based on the payment amount and at least some of the financial account information; and communicating authorization to the point of sale device.

There is no disclosure in either Swartz or Zimmerman of receipt by a transponder server of an issuing bank, a financial institution or a credit network at least some transponder

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identification information, or retrieving financial account information, as that term is defined in claim 26, linked to the transponder identification information in an account table. Neither Swartz or Zimmerman disclose, alone or in combination, a method for determining authorization by an authorization unit for charging at least some of the payment amount to a financial account represented by stored financial account information.

In contrast, the transponder in Swartz emits identification information to a store computer. A customer file linked to the transponder identification information is accessed, and a new file that contains a list of items selected by the customer while shopping during that trip to the store is prepared for quick checkout. When the customer has finished shopping and goes to check out and pay for the purchases with the cashier, the customer file is accessed and the individual items being checked out do not necessarily have to be re-scanned by the cashier. The store computer in Swartz includes customer files that record current shopping items and *past* payment history. The Examiner apparently equates the "financial account information" of Swartz to the value of the goods that the customer intends to purchase. However, there is no disclosure in Swartz of any file that contains financial information of the customer as this term is defined in claim 26, as amended, that is used to *authorize* charging the payment amount for a purchase to a financial account. In contrast to claim 26, Swartz discloses the use of conventional payment methods that are performed *after* the cashier retrieves the shopping list that was created in the store computer to pay for transactions.

Zimmerman discloses "an automatic process for use in credit card or debit card systems for taking corrective action based on information returned from the banking system."

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Zimmerman, col. 1, lines 50-52. Hot list and rejection files are located in a network controller, which are updated with the card number of a transaction sent to the network controller by the card reader that is rejected. Zimmerman, col. 2, lines 6-11. Zimmerman does not disclose a method of authorizing transponder-enabled transactions comprising receiving by a transponder server of at least one of an issuing bank, a financial institution or a credit network at least some transponder identification information emitted from a transponder substantially upon presentation of both the transponder and a transaction for payment at a point of sale device, the payment comprising a payment amount; retrieving at least some financial account information linked to the transponder identification information in an account table, the financial account information comprising at least one of account number information, account type information, account balance information, and account limit information; determining authorization by an authorization unit for charging at least some of the payment amount to the financial account based on the payment amount and at least some of the financial account information; and communicating authorization to the point of sale device. Zimmerman does not disclose a method that uses a transponder, or that authorizes the charging of payments to a financial account, at all.

Even in combination, Swartz and Zimmerman do not disclose a method as claimed in claim 26. These references do not disclose receiving transponder identification information by a transponder server of an issuing bank, a financial institution or credit network, or retrieving financial account information as this term is defined in claim 26, or determination of charging a payment amount to a financial account based on transponder identification information linked to financial account information. Applicants respectfully request that the Examiner withdraw this

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rejection for at least these reasons. Further, since claims 27-40 are dependent from claim 26, these claims also are not obvious over Swartz in view of Zimmerman, and this rejection should also be withdrawn.

2. Claims 26-40 Over Swartz in View of Ditzig

Claims 26-40 have similarly been rejected over Swartz in view of Ditzig on the same grounds given as above for the rejection over Swartz in view of Zimmerman. Here, the Examiner explains that Ditzig allegedly teaches a handheld cellular device having a credit card swipe slot 76 to allow for standard credit card transactions. See Office Action at p. 7.

Ditzig does not disclose a method of authorizing transponder-enabled transactions comprising receiving by a transponder server of at least one of an issuing bank, a financial institution or a credit network at least some transponder identification information emitted from a transponder substantially upon presentation of both the transponder and a transaction for payment at a point of sale device, the payment comprising a payment amount; retrieving at least some financial account information linked to the transponder identification information in an account table, the financial account information comprising at least one of account number information, account type information, account balance information, and account limit information; determining authorization by an authorization unit for charging at least some of the payment amount to the financial account based on the payment amount and at least some of the financial account information; and communicating authorization to the point of sale device. Ditzig does not disclose the use of a transponder, or a system that authorizes the charging of payments to a financial account, at all.

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Even in combination, Swartz and Ditzig do not disclose a method as claimed in claim 26. These references do not disclose receiving transponder identification information by a transponder server of an issuing bank, a financial institution or a credit network, or retrieving financial account information as this term defined in claim 26, or determination of charging a payment amount to a financial account based on transponder identification information linked to financial account information. Applicants respectfully request that the Examiner withdraw this rejection for at least these reasons. Further, since claims 27-40 are dependent from claim 26, these claims also are not obvious over Swartz in view of Ditzig, and this rejection should also be withdrawn.

E. The Examiner Has Not Set Forth a *Prima Facie* Case That Each and Every Limitation of Claims 21 Through 40 Are Inherently Disclosed in the Disclosed References

The Examiner states that it is his factual determination that each and every limitation of claims 21 through 40 is either disclosed or inherent in the disclosed references. See Office Action at p. 9. Applicants respectfully disagree that the Examiner has set forth a *prima facie* case of inherency in making this rejection.

The standard for a rejection for inherency is that "the extrinsic evidence 'must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency . . . may not be established by probabilities or possibilities. The mere fact that a certain may result from a given set of circumstances is not sufficient . . .'" MPEP § 2112; In re Robertson, 169 F.3d 743, 745, 49 U.S.P.Q.2d 1949, 1950-51 (Fed. Cir. 1999). Further, "[i]n relying upon the theory of

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inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art.” MPEP § 2112; Ex parte Levy, 17 U.S.P.Q.2d 1461, 1464 (Bd. Pat. App. & Inter. 1990) (emphasis in original).

No details of the Examiner’s factual determinations for this rejection are set forth. Applicants respectfully submit that the Examiner has not provided a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent limitations of 26, 28-33 and 35-40 necessarily flow from the teachings of the applied prior art. Further, the Examiner has not expressly identified the applied prior art other than to describe it as “the references as discussed above.” See Office Action at p. 9, ¶ 14. Applicants respectfully request that, if the Examiner maintains this rejection, he set forth in detail the basis in fact and/or technical reasoning to reasonably support his factual determination that “all claimed features in claims 26, 28-33 and 35-40 are either disclosed or inherent in the references as discussed above” so that Applicants may properly address these rejections. In addition, Applicants request that the Examiner clarify the scope of this rejection based on the pending claims 26, 27-33 and 35-40.

F. Response to Examiner’s Response to Arguments

In para. 17, the Examiner notes that the previous rejection based on 35 U.S.C. § 101 has been withdrawn. Applicants thank the Examiner for this consideration.

In para. 18, the Examiner notes that the previous rejection under 35 U.S.C. § 112, first paragraph is withdrawn, and that the disclosure of the application sufficiently discloses the

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claimed subgenus of personal articles as claimed. Applicants thank the Examiner for this consideration.

In para. 20, the Examiner states that Swartz discloses linking the transponder to a particular customer, storing a customer's transaction file and that the transaction file includes "subtotal price" and other items. The "other items" listed in the cited reference, col. 3, lines 55-62, are individual product information, subtotal price, and required security measures. The Examiner states that it is his position that the transaction file is account information in an account table. Applicants respond that claim 26 has been amended to include the limitations of previous claim 34 to expressly claim that the financial account information includes the financial account number, the financial account type, the financial account balance, and the financial account credit limit. Applicants respectfully submit that Swartz does not disclose the storage of financial account information, as defined in claim 26, in the store computer in a customer transaction file. Therefore, the transaction file of Swartz does not disclose the account information in an account table of the invention.

In para. 21, the Examiner states that "placing records of the scanned items into a transaction file located within the store computer system is registering account information." Applicants respectfully submit that claim 40 refers to the registration of financial account information of claim 26, and that claim 26 expressly claims that the financial account information includes at least one of account number information, account type information, account balance information, and account limit information. Swartz does not disclose storing financial account information, as so defined, in the customer transaction file. Thus, Applicants

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respectfully submit that the information "registered" in the transaction file of Swartz does not disclose the financial account information of claim 40 that is registered via a network interface.

Applicants believe that the Examiner's rejections of Applicants' arguments as expressed in paras. 16-21 are now moot in light of the claims as amended.

CONCLUSION

Applicants respectfully consider the claims in light of these remarks and to allow all pending claims. This Amendment and Response was filed within three months of the mailing date of the Office Action and it is believed that no fees are due with the filing. If any fees are found to be due, please charge to Deposit Account No. 50-0206.

Respectfully submitted,

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